

## MEMORANDUM

TO: MCDCH Board of Directors  
 FROM: Seismic Compliance Committee. Lee Finney and Paul Garza  
 RE: Consulting Contracts for Potential Bond  
 DATE: November 9, 20203

At the Board’s last meeting, it appeared that the costs associated with each of **three** contracts were not satisfactorily articulated. Specifically, there appeared to be some confusion about the costs for the services in the contracts and additional charges that will incurred by MCHCD but are not a part of these agreements. Those additional costs were indicated to provide full disclosure to the Board of Directors and the public. The purpose of this Memorandum is to clarify the specific costs for each of these three contracts, indicate when payment for the services will be due, and to differentiate between the services in the three contracts and additional charges for which the Board of Directors will need to plan.

- EASTSHORE CONSULTING LLC:** The total amount for Financial Planning and Advisory services by Eastshore is a maximum of \$55,000 which becomes payable only if the proposed General Obligation Bond is approved by voters in November, 2024. All fees related to bond issuance will be paid by bond revenue.

The additional charges disclosed in the Eastshore Consulting LLC contract are the best estimates of the legally mandated costs for issuance of a General Obligation Bond. None of those estimated charges are or will be paid to Eastshore Consulting LLC.

Additional legally mandated charges are:

ITEM	AGENCY	LOW EST	*	HIGH EST
Bond and Disclosure Counsel	TBD	50,000		80,000
Rating Agency	TBD	15,000		25,000
Paying Agent	TBD	1,500		2,500
Statistical Data	CalMuni Statistics	1,500		2,500
Printing	TBD	2,000		3,000
*Contingency			5,000	
<b>Est. Cost of Issuance w/out Eastshore LLC Fees</b>		<b>70,000</b>		<b>113,000</b>
Est. Underwriting Bank Compensation	(Based on a value of \$15M)	75,000		150,000
<b>TOTAL ESTIMATED ISSUANCE RELATED COSTS</b>		<b>145,000</b>	<b>5,000</b>	<b>263,000</b>

The Eastshore Consulting LLC proposed contract will be funded from proceeds from a successful bond placement. There is no other cost to the District.

2. **EMC RESEARCH, INC.:** The total amount of this contract is \$26,500 for the initial poll to assess community priorities and the feasibility of a general revenue bond. It includes an option, should the Board of Directors deem it necessary, of \$20,000 for a follow-up tracking poll. It is very possible that the poll may uncover trends that will require additional consideration and exploration. This may include, for example, testing varying service models for use of the bond funds for maximum public approval.

The amount of \$13,250 will be payable upon the execution of the contract. A second payment of \$13,500 is payable upon presentation of the survey results for a total of \$26,500.

At the point above, the Board will have the option of authorizing an additional survey at a cost of \$20,000. In that case, the Board should anticipate an additional payment of \$10,000 at the start of a second poll and \$10,000 when the results are presented.

3. **TERRIS BARNES WALTERS BOIGON HEATH LESTER, INC./ (doing business as) PROPS & MEASURES:** Like Eastshore, Props & Measures sought to indicate both their fees for their services and fully disclose other costs that MCHCD should anticipate. They included in their proposal's Estimate of Districts Costs both the costs of EMC Research and an estimate of Legal Counsel.

The costs for Props & Measures services are between \$94,500 and \$162,316. They recommend for Board of Directors planning purposes have a contingency of \$5,000. The chart below indicates these costs.

ITEM	LOW EST	*	HIGH EST
Political Consultant for Community Outreach	45,000		50,000
Informational Communications & Other Outreach Material			
• Mailers	26,500		33,816
• Digital Advertising	24,000		32,000
*Contingency		5,000	
<b>TOTAL ESTIMATED COSTS – Props &amp; Measures</b>	<b>94,500</b>	<b>5,000</b>	<b>162,316</b>

Other costs not a part of the Props & Measures fees include Legal Counsel and fees that will be charged by the County of Mendocino, Registrar of Voters for placing a general obligation bond on the ballot.

A monthly base consulting fee of \$4,500 from the commencement of the contract to August 8, 2024 is payable to Props & Measures. It begins at the time the contract is executed. The base consulting fee, further, is calculated on a pro-rata basis for the initial and/or final month of service if it is less than a full calendar month. The range in this fee indicated above is related to potential out-of-pocket expenses like mileage, postage, telephone, etc. These

will be itemized in an invoice and are capped at \$1,000 per month in aggregate and will not be exceeded without prior approval from MCHCD.

Additionally, costs for Informational Communications & Other Outreach Materials are for payment to subcontractors/third party vendors. Payment for such items shall be made in advance by MCHCD to Props & Measures or to a third-party vendor at the discretion of Props & Measures.

The costs for Props & Measure and their third-party vendors is between \$94,5000 and \$162,316.

**RECOMMENDATION**

1. Approve the contract with Eastshore Consulting, LLC with changes recommended by legal counsel.
2. Approve the contract with EMC Research, Inc. with changes recommended by legal counsel.
3. Approve the contact with Terris Barnes Walters Boigon Heath Lester, inc./ (doing business as) Props & Measures with changes recommended by legal counsel.